

**Minutes of Board of Trustees Meeting**

December 19, 2018 | 8:30 AM

MAR 06 2019

PARTICIPANTS

DANIELLE COOPER DAUGHTRY  
SECRETARY TO THE BOARD OF TRUSTEES

- Trustees: Rachel Warren (Chair), Stephen Gerard (Co-Chair), Eric Hirschhorn (Co-Chair), Taesha Aurora, Kevin Burke, Anne Chao, Joseph Dobronyi (webex), Thomas Driscoll, Mary Dwyer, Wanda Felton (webex), Peter Katz, Malcolm King, Lynn Lander, Scott Lerman, Dwight McBride (webex), Paul Nikulin, Cristina Ross, Brian Steinwurtzel, Robert Tan, Jeremy Wertheimer (webex)
- Officers: President Laura Sparks, Treasurer John Ruth, Secretary Danielle Cooper Daughtry
- Representatives: Melody Baglione, Atina Grossmann, Walid Raad (webex), Amy Westpfhal
- Staff: Charlotte Wessell
- Financial Monitor: Richard Faughnan, Ron Salluzzo (webex)
- Guests: Sam Keene, Barry Shoop, Antoinette Torres
- Absent: Kevin Slavin

The meeting was called to order at approximately 8:35 a.m. and began with an Executive Session. The regular session began at approximately 9:45 a.m.

Ms. Warren reported that during the Executive Session:

- The Board elected Dwight McBride and Cristina Ross as Trustee and Alumni Trustee, respectively.
- Resolution 2018-6, provided in advance of the meeting, was passed, appointing Officers as follows:

**BE IT RESOLVED**, the following Officers of The Cooper Union for the Advancement of Science and Art are hereby approved to serve until the next annual meeting of the Board of Trustees on December 11, 2019:

Rachel Warren	Chair, Board of Trustees
Laura Sparks	President
John Ruth	Treasurer
Danielle Cooper Daughtry	Secretary

Upon motion duly made and seconded, the Minutes of the September 26, 2018 Board of Trustees meeting were approved.

Upon motion duly made and seconded, Resolution 2018-7, Authorization of Degrees, was approved.

*Chair Report:*

Ms. Warren welcomed and introduced Mr. McBride and Ms. Ross.

Ms. Warren thanked everyone who attended the Meet the Deans Alumni/Trustee holiday event on December 18, 2018. The festive event was jointly sponsored by the Board and CUA and gave alumni an opportunity to meet with the deans, Trustees, and each other.

Ms. Warren informed the Board that she and Ms. Sparks met the previous week with John Oleske and Peggy Farber from the NYS Attorney General's office, along with the Financial Monitor for the annual check-in. They discussed the imminent transition to a new Attorney General, and both Mr. Oleske and Ms. Farber indicated that the past year has made them more confident regarding Cooper Union's current leadership and future prospects. For the benefit of the new Trustees, the Financial Monitor explained their role and responsibilities.

Ms. Warren recognized and thanked Alumni Trustee Robert Tan for his service and commitment to The Cooper Union, noting his leadership as Chair of the Free Education Committee. Mr. Tan's four year term as Alumni Trustee expired at the start of the meeting.

*President's Report:*

Ms. Sparks referenced the memorandum that was included in the materials sent to Trustees in advance of the meeting and noted it provided a detailed account of activities over the past quarter. She offered some highlights and updates:

- The audit work confirmed that Cooper Union ended the fiscal year with an operating cash surplus of \$4.8 million (the first since at least 2000).
- The reduction of space at 30 Cooper Square will be completed soon. The work was challenging and consumed a lot of time and energy for staff, but it is a critical milestone in the Plan to Return to Full-Tuition Scholarships (Plan) and Ms. Sparks expressed her gratitude to all members of the community who were affected by the move.
- The Diversity and Inclusion Task Force released its report and there are several concrete recommendations that will be moving forward.
- Student protests about the Humanities and Social Sciences program reinforced some challenges we were aware of and brought others to light. The faculty and administration are examining the related issues of faculty diversity and approaches to curriculum and pedagogy across The Cooper Union, recognizing that there is work to do in these areas in each of our academic programs.
- As we look ahead to 2019, we will place a heavy focus on the pressing issues of mental health, curriculum and diversity, issues that are prevalent nationally in higher education and at The Cooper Union.
- 2019 is Cooper Union's 160<sup>th</sup> Anniversary and information on activities for the year will be coming soon.

*Discussion with Incoming Engineering Dean Barry Shoop:*

Ms. Warren introduced Dr. Shoop and gave a brief overview of his background to the Trustees. Dr. Shoop thanked the Board for inviting him to the meeting and he explained his reasons for joining The Cooper Union and his plans for the Albert Nerken School of Engineering. Dr. Shoop noted that the newly approved Mission Statement had a significant impact on his decision and that his role at Cooper Union, like his prior one at West Point, provides an opportunity to advance a larger societal purpose in the context of an academic institution. Dr. Shoop is particularly excited to focus on innovation, diversity and the opportunities available to Cooper Union based on its presence in the “silicon alley” of New York. Dr. Shoop noted many potential opportunities for the School of Engineering, including in the areas of artificial intelligence, data analytics, development of communication skills, professional development and strengthening interdisciplinary aspects of Cooper. To begin his work, Dr. Shoop will spend time listening and gathering feedback and input from faculty, staff, and students and then engage them in a strategic planning process aligned with the institution’s overall goals and strategic priorities.

After the discussion, Mr. Shoop left the meeting.

*Diversity and Inclusion Task Force Report:*

Ms. Sparks introduced Antoinette Torres and Sam Keene, Co-Chairs of the Diversity and Inclusion Task Force. By way of background, Ms. Sparks explained that she formed the Task Force in 2017 in response to important work done by the Faculty-Student Senate to assess issues of gender diversity and the climate for women at The Cooper Union. Ms. Sparks recognized Mr. Keene and Ms. Grossmann for their leadership of the Faculty-Student’s Senate’s work in this area (their final report was presented to the Academic and Student Affairs Committee in April 2017 and reported out to the Board at the June 2017 meeting). The Task Force was charged with assessing issues of diversity more broadly, reviewing the current context at Cooper, understanding the complex dynamics that impact the development of a diverse and inclusive environment, and then making research-based recommendations to promote greater diversity and inclusion at The Cooper Union. Ms. Sparks noted that the Report was included in the advance materials for the Trustees’ review and emphasized the importance of moving from recommendations and discussion to action.

Mr. Keene noted that he has spent significant time listening to faculty, staff, students and alumni. Information was also gathered via anonymous student surveys. Based on the responses received, working groups were formed that addressed:

- Culture and climate
- Models for teaching
- First year experience
- Compositional diversity
- Diversifying faculty and staff
- Institutional effectiveness

In response to Trustees’ questions about high-priority areas, Ms. Torres discussed possible biases in how we think about pedagogy and the feeling of not belonging prevalent in underrepresented groups at The Cooper Union. She stressed the importance of creating an environment where students feel heard and valued, building an understanding of diversity and what contributes to inequities, and developing a

diversity and inclusion training program.

Trustees thanked Mr. Keene and Ms. Torres for their work and reiterated the importance of addressing this issue and its position as one of the institution's strategic priorities. The Board also emphasized the importance of taking action and reporting on these actions to the broader community. Trustees also suggested creating partnerships with other organizations that can help yield more diverse applicant pools for students, staff, and faculty, as well as mentoring programs for students. Ms. Sparks noted that an implementation plan will be developed, identifying short-term, medium-term and long-term priorities.

#### *Strategic Planning:*

Ms. Sparks recapped that the Board discussed and revised a draft set of institutional goals and strategic priorities at its June meeting and, in September, considered further revisions provided by the deans and associate deans. Per the Board's discussion at the September meeting, the proposed goals and priorities were shared at various alumni, faculty, staff, and student meetings. Members of the community and the various stakeholder groups were also provided an opportunity to provide feedback online. Ms. Sparks outlined the themes that emerged from the feedback:

- The need to re-examine the experiences students have at The Cooper Union, stemming from a heightened sense of competition, increasing mental health needs, diversity challenges, and a lack of shared purpose and experiences.
- Students' financial stress, particularly given the high cost of living in New York, and a sense of being over worked.
- Stress and a sense of being overworked felt by some faculty.
- Changing nature of work and the need to address it to ensure students are prepared for life and work after The Cooper Union.
- Climate change and its potential impacts.
- The importance of the outreach programs and their centrality to Cooper's history and mission.

As a result of the feedback, changes to the goals, noted in the materials distributed prior to the meeting, were suggested. Following Board discussion, a motion was duly made and seconded to approve institutional goals and strategic priorities, as follows:

#### *Organizational Goals:*

- Create an institution of excellence that:
  - engages students in an academic program that is rigorous, supportive, and dynamic
  - fosters a culture of curiosity, agency, compassion, and engagement
  - is tuition-free and financially resilient
- Prepare students to question and lead in a complex world
- Develop leading-edge models for higher education that consider the ethical, cultural, and environmental contexts and consequences of technical and creative disciplines
- Lead by example to promote civil discourse and engagement on important civic issues
- Advance the fields of Architecture, Art, and Engineering and foster intersections of study and practice among them

### *Strategic Priorities*

- Fortify our rigorous professional schools
- Return Cooper Union to full-tuition scholarships
- Create opportunities for experimentation at the intersections of disciplines
- Increase diversity of thought, background, and experiences
- Balance budget, build reserves, instill financial discipline
- Develop programs, activities, and physical space to increase student engagement and improve student life
- Set a leading-edge standard for the integration of professional, practice-based education with a humanistic and socio-political education
- Integrate public service orientation into academics and actively contribute to the betterment of NY
- Position the Great Hall as a premier forum to advance critical issues of our time

Input from the Faculty Representatives included a suggestion that management consider ways to reference the humanities and social sciences in the institutional goals in a more explicit manner.

Ms. Sparks indicated that implementation plans will be developed with each of the schools and administrative departments, including methods of measuring progress.

### **COMMITTEE REPORTS:**

#### *Governance:*

The Governance Committee noted that the 2019 Board and Committee Schedule included in the meeting materials includes both quarterly Board and committee meeting dates and noted that while Board meeting dates are fixed, the committee meeting schedule is subject to revision. The Committee noted that a Code of Conduct for Faculty and Staff Representatives is being drafted and will follow the format of the Trustee's Code of Conduct. Ms. Warren confirmed that the Board of Trustees shall interpret the Consent Decree/ Protocol to provide (a) for 2 annual seating periods for Alumni Trustees – June/December; and (b) that the calculation of the 1/3 ratio shall include the number of Alumni Trustees to be appointed at that time.

In order to accommodate Grant Thornton's schedule, the Governance Committee's reporting was suspended so that the Audit Committee could provide its report. Grant Thornton joined the meeting by phone.

#### *Audit:*

Ms. Cooper Daughtry requested that all Trustees who had not yet done so turn in their fully executed Code of Conduct and Conflict of Interest forms to her by the end of the meeting.

Mr. King summarized the draft audit results and the Committee's discussion about the audit. He then turned it over to Grant Thornton to offer the auditors' independent perspective. Grant Thornton reported that it was a good audit cycle, with the financials being completed by the end of the year for the first

time since Grant Thornton had been retained. Grant Thornton explained that they focused on significant transactions and internal controls. This year they found only one exception (which was related to a previous period). Grant Thornton noted that Management had a strong focus on improvement and making sure Cooper Union has the appropriate level of liquidity.

Ms. Warren explained the process as follows: 1) The independent auditor will issue the audited Financial Statements to the Audit Committee for approval; and 2) The Audit Committee will then send the audited Financial Statements to the Board for acceptance. The Board does not vote to approve the audited Financials but, rather by virtue of their inclusion in the Board package “accepts” them. Ms. Warren provided an opportunity for Trustees to ask questions of the auditors who, thereafter, exited the meeting.

#### *Governance (cont'd):*

Upon motion duly made and seconded, the proposed 2019 Board and Committee Schedule was approved.

Upon motion duly made and seconded, the proposed Committee Charter revisions for the following Committees were approved:

- Academic and Student Affairs
- Alumni Affairs and Development
- Audit
- Finance and Business Affairs
- Free Education
- Investment

#### *Academic and Student Affairs:*

The Committee reported that the visiting committee timeline was revised to align with ABET reporting and the incoming Dean’s transition. Ms. Sparks noted that the Administration is working with faculty to develop proposals for a computer science program, both within the School of Engineering and across The Cooper Union. A first step will be a Computer Science minor, expected to be reviewed by the Engineering Curriculum Committee this academic year. The Committee also noted a concern with the continued drop in applications for engineering, which will be discussed with Dr. Shoop when he begins his work at The Cooper Union.

Ms. Sparks recapped the communications she had previously sent to the Board about the student protests of the Humanities and Social Sciences (HSS) faculty and curriculum, noting that the issues raised go beyond HSS and must be addressed in all four of the academic programs, with three main areas of focus: 1) diversity of faculty, 2) diversity of perspectives reflected in the curriculum, and 3) new pedagogical approaches that more actively engage students. She noted that the Board has the materials on the subject and opened the floor to questions. Ms. Sparks explained and the Board understood that addressing the concerns of the students will most likely involve financial resources (either by reallocating existing funds or raising new ones).

*Free Education:*

Outgoing Alumni Trustee Robert Tan introduced Paul Nikulin as the new Chair of the Free Education Committee. The Committee will continue to operate as its own committee in addition to attending Finance and Business Affairs Committee meetings as non-voting members to ensure that both committees are receiving comprehensive updates regarding financial performance on the Plan. The Committee will review updated market pricing for the Fish House at its February 2019 meeting in anticipation of making formal recommendations to the Finance & Business Affairs Committee and then to the full Board.

*Finance and Business Affairs:*

The Finance and Business Affairs Committee reported that it is overseeing (i) the development of a Cash Management Policy, (ii) the Management Retirement Committee, and (iii) a multi-year plan for capital projects. The Committee is also considering a Summer Tuition Policy, the implementation of which will be postponed until 2020 to allow for adequate planning and preparation by both the administration and students. It was also noted that a few large contracts were approved in Executive Session, per the Contract Review and Approval Policy.

Mr. Burke pointed Trustees to the Budget Variance Report in the meeting materials, which are summarized as follows, and noted that it is still early in the year to forecast yearend results.

**Budget Variance Forecast As of September 30, 2018 (\$ in thousands)**

Leases and tax equivalency payments	\$807
Net undergraduate tuition	\$386
Other revenue	0
Operating expense savings	0
Capital expenditures	0
Endowment spending	0
<b>Total</b>	<b>\$1,193</b>

A suggestion was made that issues that impact students, like fees and tuition, also be raised and discussed by the Academic and Student Affairs Committee. The Finance Committee agreed that seemed appropriate.

*Alumni Affairs and Development:*

As highlighted in the materials, the Giving Tuesday goal was \$150,000 and \$250,000 was raised. Year to Date (as of December 3) current-use funds raised totaled \$3.1 million compared to \$1.3 million for the same period last fiscal year. Development reported that they are also expecting to book a major bequest this fiscal year.

The Development office continues to do quarterly check-ins with Board members on their fundraising/engagement toolkits. Development has had the added benefit of more hands-on involvement with Trustees. Trustees are now making solicitation and stewardship calls, leading fundraising

challenges and mini-campaigns, hosting donor and alumni gatherings, and using their personal and business connections to build new relationships for Cooper. The Development team is also making alumni aware of more ways to give, creating an important diversification of sources.

*Investment:*

The Investment Committee reported that increased net cash flows from operations are enabling us to increase our investments, and that the Committee is revisiting target asset allocations as a result. The Committee expects to propose updated target allocations, aligned with Cooper’s prudent risk profile, at a future meeting for the Board’s formal approval.

Overall, this has been a challenging time for investors given market volatility. The October S&P was down -6.8%, but Cooper Union fared better and was down -3.1% for the same period.

Ms. Sparks noted that the Audit Committee wanted to better understand how the Investment Committee and investment manager are evaluating, managing, and articulating risk. In 2019, the Investment Committee will more formally articulate Cooper Union’s risk tolerance in the Investment Policy Statement. The Committee also expects to explore whether to implement ESG (Environmental, Social, and Governance) screens.

The Report from Cambridge was provided prior to the meeting. The performance review provided by Cambridge noted the following:

- The portfolio balance as of October 2018 was approximately \$155.4 million.
- Performance summary was as follows through October 31, 2018:

	CYTD	Trailing 1-Year	Annualized Trailing 3-Years	Annualized Trailing 5-Years	Annualized Trailing 10- Years
Total Assets	-1.7	0.0	4.8	4.0	6.1
Total Assets ex Cash	-1.9	-0.1	6.1	4.8	7.3
Dynamic Benchmark	-2.8	-0.6	4.3	3.5	4.5
Total Assets Benchmark	-2.9	-0.8	4.6	3.6	6.2

*Input from Representatives:*

Ms. Warren noted that the Representatives have provided input throughout the meeting and asked whether they would like to offer any final comments. No additional comments were provided.

*New Business:*

There was no new business.

The Board moved to Executive Session at approximately 12:55 pm. The meeting adjourned at approximately 1:15 pm